

CHAIRMAN'S ADDRESS TO SHAREHOLDERS

Sydney – 23 November 2023 – MPower Group Limited (ASX: MPR)

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2023 has proved to be a transformational year for MPower and the Company has achieved a great deal. The highlights are as follows:

- The acquisition of an operational solar and battery project at Lakeland, Queensland.
- The Lakeland Solar and Storage asset performance has been significantly improved and has provided the catalyst for the Company delivering its first revenue from energy sales.
- A shovel-ready development at Faraday, Victoria was purchased.
- A number of development sites in South Australia and New South Wales achieved major development milestones.
- A project funding relationship with AMPYR Energy was established, including an initial \$10 million project construction facility established for the Narromine asset.
- The Company refinanced its previous corporate bank debt facilities on more favourable terms with Oceania Capital Partners.

In the last financial year MPower Group reported its first revenues from the sale of clean energy and recorded an EBITDA of \$4.0 million and an after-tax profit of \$2.0 million, representing earnings per share of 0.7 cents. This is largely off the back of the successful acquisition and optimisation of the Lakeland Renewable Energy Project that resulted in a material financial uplift. We were pleased about that, and the focus has now turned to capitalising on the milestones achieved in the last 12 months as Australia's energy transition gathers pace.

As we all know from just simply reading the daily press, our nation has many obstacles to overcome to successfully phase out fossil fuels in favour of cleaner sources of energy in an orderly and timely way.

The media tends to focus on market and network issues. It is preoccupied with coverage and reporting of large-scale clean energy projects, but many clean energy projects are being challenged by uncertainties in the market and delays in planned transmission upgrades that are required for large-scale projects to participate in the National Electricity Market.

The market now recognises that coal generation is not as reliable as it once was; the closure of ageing assets is creating market uncertainty; weather and climate events are causing pricing spikes; and parts of the network are being curtailed while other parts are under-serviced.

The MPower approach to meeting these challenges is to think big, but build small.

In essence, our strategy is to roll out a portfolio of small-scale generating assets; locate them in a range of diverse geographies; and build in flexibility by supplementing them with battery storage capability. Our capacity to do that is unique because not only do we have an impressive track record in building, maintaining and improving critical power systems, but we have also succeeded in aggregating a pipeline of suitable sites that can quickly, efficiently and economically be connected to the grid. Our approach is to leverage the existing capacity in Australia's distribution networks, which essentially bypasses the delays and challenges being played out at the transmission level.

There are multiple benefits to our strategy, both structurally and in terms of diversification. To begin with, our projects enjoy exempt status, which means the approval and connection process is quicker and simpler, and there is reduced curtailment risk. By establishing projects in multiple locations, there is no single point of dependency and there is upside to market disruption across multiple markets. Finally, the hybrid nature of the projects, incorporating both solar PV and battery storage, provides multiple revenue streams and a significant opportunity to profit from increasing volatility in the energy market.

Our \$10 million renewable energy project in Narromine, New South Wales is under way and will be revenue generating during the course of next year, and we have aspirations to go much further. Our focus is on creating a financial structure through which we can establish a \$500 million portfolio of clean energy assets in the next 3-5 years, leveraging the \$50 million of capital we can immediately deploy into existing project opportunities.

We have a solid foundation on which to build. As well as developing greenfield projects, we will consider non-dilutive acquisition opportunities similar to Lakeland where the Company's project delivery and maintenance capabilities can enhance asset performance and returns.

The magnitude of the uplift in the value of Lakeland is an example of the value that MPower can create in a short period of time by leveraging in-house technical know-how and financial expertise around clean energy assets. It comes at a time when Australia is in a phase of unprecedented growth in renewables and MPower now has an improved balance sheet, track record and financial standing to accelerate the Company's plans and continue to lead the way in distributed clean energy projects.

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Contact

For further information, please contact:

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This announcement has been authorised by Peter Wise AM, Chairman

About MPower

MPower Group Limited (ASX: MPR) is a technology-led company with a long history specialising in the delivery of reliable on-grid and off-grid power solutions for blue chip corporate and government customers. Headquartered in Sydney, MPower's team of professionals has successfully delivered turn-key solar, battery storage and micro grid projects across the region.

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